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Trends and priorities for HR leaders in 2021



Which HCM trends can help reduce costs, increase productivity and add value?



Which technology solutions will best position my organization for success?



How can I keep my employees engaged as the world of work evolves?

Trends and priorities for HR Leaders in 2021

In 2021, we all find ourselves in uncharted territory: a new political climate, a global health event, increased virtualization of work, changing regulations, and a new commitment to diversity, equity and inclusion in our workplaces. Now is the time you want to be able to rely on expert partners in HR to help your organization flex in response to trigger events and maintain your daily momentum to help your business stay ahead. Wouldn't it be great to be able to not only maintain status quo in challenging times, but position yourself for growth?

ADP experts have researched the trends that emerged toward the end of 2020 and how they will shape the year(s) to come. The following collection of articles highlights the top HR trends and offers insights to help your company work stronger. We discuss how to drive forward momentum in your organization through adaptable technology and services that promote an engaged, resilient, and connected workforce.

Read on to find out what your organization can do differently to succeed in the new hybrid environment.



Four compliance trends to watch

In a matter of months, organizations had to make seismic shifts in their daily operations due to COVID-19. While business leaders hope that 2021 will bring better fortune, they will be wise to monitor emerging compliance trends that have the potential to shift the 2021 operating environment.

How is the legal and compliance landscape evolving, and what can businesses do to help prepare for these changes? Two legal experts at ADP — Stacy Williams, Senior Counsel, Global Compliance and Ellen Feeney, Vice President, Counsel — identified four trends to watch in 2021.

1

Change in the workplace accelerates

“COVID accelerated some of the changes we were starting to see, including working from home and the growth and evolution of the gig economy,” says Williams. She points to the passing of California’s Proposition 22, which created a hybrid worker status between employee and independent contractor, as an example of how the landscape changed in 2020.

While Williams acknowledges that there is promising news regarding a vaccine for COVID-19, she predicts employers will face some challenging questions.

“Employers are going to have to grapple with employees who balk at getting the vaccine. Can an employer require it?” asks Williams. She notes that employers will also need to accommodate religious beliefs and health conditions that may affect employees’ ability to get the vaccine.

With respect to working from home, Feeney recommends that employers pay close attention to the guidance from local, state and federal officials. “Look to that guidance to figure out the appropriate return-to-office strategy and how to keep employees safe and productive,” she says.

2

Employee leave programs may accelerate

While making it safe for employees to enter the workplace is an important goal for many employers, providing employees with time off to recover from such a trying year is also an important consideration. Also, as COVID-19 lingers, some employees will continue to need to take time off to take care of themselves and their family members.

“Being proactive in this environment means being nimble and recognizing you’re dealing with a very fluid situation. Business leaders have to recognize that good compliance is good for business. You’re not just trying to check the box.”

—Ellen Feeney, vice president, counsel, ADP

While the [Families First Coronavirus Response Act \(FFCRA\)](#) provided some employees in the private sector with the ability to take paid leave for certain reasons tied to COVID-19, the act expired on December 31, 2020. Before the pandemic and throughout its duration, some local and state governments established paid leave provisions. We may see additional state or local programs

that allow employees to step away from their work commitments now that FFCRA has expired. In response to COVID-19, some jurisdictions have enacted entirely new paid sick leave laws, some existing laws have been amended, and there also has been some general guidance issued regarding how existing paid sick leave law applies in light of COVID-19.

3

U.S. legal and compliance shifts

With the change of presidential administration beginning in 2021, employers should expect some substantial policy changes. One of the main areas of focus for the Biden administration will be COVID-19 and economic recovery, so expect new stimulus measures and new CDC and OSHA guidance concerning workplace safety.

As a specific example, the proposed DOL test for determining who is an independent contractor and who is an employee under the FLSA may be modified or abandoned.

There will be more regulatory activity related to the workplace, such as increased efforts to improve pay equity. The changes to the EEO-1 report to include pay data for the 2017 and 2018 reporting years are expected to be revisited and possibly reinstated by the Biden administration.

"We expect to see a pivot to be more in line with Obama administration priorities and policies but not necessarily a replica of the Obama era," says Feeney. She notes that the extent of the changes under the new administration and what is possible legislatively depends on the Georgia Senate run-off race, as control of the Senate has enormous implications for the legal and compliance environment businesses will face. However, businesses cannot overlook changes in the compliance and legal landscape from beyond Washington.

"Even if we continue to see legislative gridlock on the federal level, state and local governments will continue to be active. We would definitely expect to see that continue or even accelerate," says Feeney.

4

Work from home complicates compliance overseas

With millions of employees working from home, maintaining compliance with laws and regulations overseas — particularly those that limit working hours — will require careful consideration.

For example, in France and Spain, there is the "right of disconnection," which enables employees to disconnect from their employers' technology after normal work hours. With employees working from home, adhering to this policy walks a fine line to avoid alienating employees for leaving the virtual office when they deem appropriate.

"Since employees are working remotely, they may move their physical location, and that may create problems related to taxes and compliance with local laws," says Williams. To that end, employers might want to create policies requiring employees to receive permission before they relocate across borders, or at least notify their employer of their intent to do so.

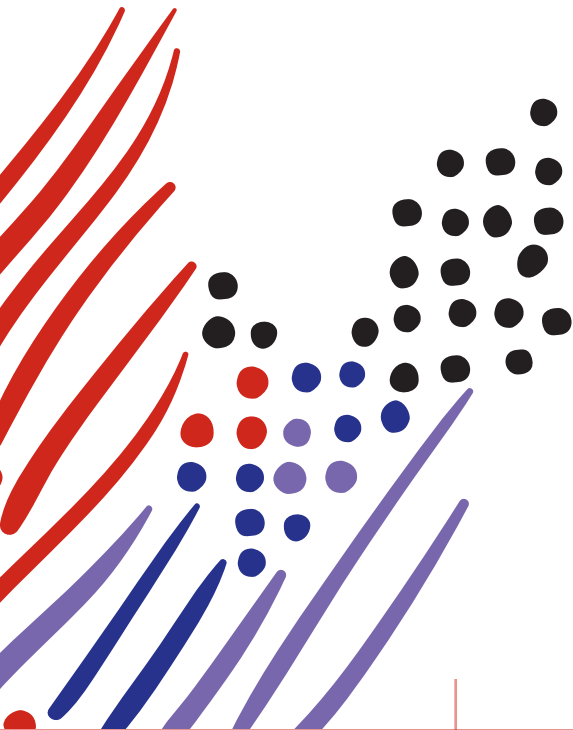
Compliance will always matter

While much remains unknown about the 2021 operating environment, businesses cannot wait for a clearer picture of compliance demands to present itself. Instead, they must continue to evolve their policies and give their employees as much advance notice as possible about changes that could affect how and where they work.

Compliance starts at the local level and requires subject matter experts with knowledge of the compliance landscape and how it might evolve.

"Being proactive in this environment means being nimble, and recognizing you're dealing with a very fluid situation," says Feeney. "Business leaders have to recognize that good compliance is good for business. You're not just trying to check the box."

While it's difficult to predict the future, organizations that account for current and emerging compliance trends can better position themselves to meet tomorrow's challenges head on.



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HR data trends: Prioritizing people analytics

Due to COVID-19, data trends and analytic processes were rapidly adapted and expanded to help organizations improve remote work performance and boost employee engagement.

The challenge is that while many businesses have solid analytic foundations, they may be unsure of how to translate data into actionable insights for workers and leadership.

Amin Venjara, VP of Product Management for ADP DataCloud, notes that “the challenges of the global health crisis have made data critical.” With human resource (HR) professionals now tasked with delivering actionable insight in a socially distanced environment, new processes are required. Here are six key data trends to help HR teams unlock their people potential.

1

Creating metrics of consequence

According to research firm [Gartner](#), data becomes even more important for HR decision making in a socially distanced work setting. Known as “people analytics,” this branch of data discovery focuses on using information typically collected and stored by HR to deliver a better understanding of what staff are doing, why they are doing it, and how it impacts the organization.

Industries like finance have been leveraging data for years, and while their outcomes often focus on profit more than people, the basic principle is the same: metrics matter. Specifically, Venjara notes that HR teams must develop “metrics of consequence” — analyzed and audited processes that empower business decisions — much like those in other functions like sales and finance. For Venjara, this means two things:

1. Defining the key questions to answer for your business; and
2. Ensuring your systems and the business processes they support are capturing data that represents reality.

For example, a key metric many businesses struggle to track is new hire turnover. This is the percentage of employees who leave after the initial onboarding period (e.g., a week, a month or three months). Tracking this metric helps measure the success of your recruiting (finding the right people) and onboarding processes (getting them productive and engaged). To ensure the metric calculates effectively, you also need to inspect how data is being entered during recruiting, hiring, and termination processes to make sure the numbers are accurate and also so you can understand the “why” behind the numbers.

“As a CHRO, you need to not only be thinking about analytical talent, but who will take the data and stories and work with the business and operations teams to take action.”

—Amin Venjara, VP of product management for ADP DataCloud

Bring your data to life with storytelling

2

As Venjara notes, “stories catalyze action.” While data in isolation can offer a snapshot of what’s happening in a specific place at a specific time, broader insights are driven by storytelling. This is especially critical in people analytics, as employee behaviors aren’t static; rather, they’re driven by factors such as evolving work expectations and personal challenges like childcare concerns, ongoing health issues or mental stress.

Storytelling to account for the many variables at play in employees’ lives can help connect the dots and provide employee-focused solutions to ongoing and emerging challenges.

Infuse HR expertise in your analytics

3

While many organizations already have some type of in-house data application, Venjara notes that “generic solutions require too much work to get to the specific data businesses need.” As organizations look to find their footing and make business-critical decisions after the initial rush of the remote work revolution, “many leaders have realized they don’t have the data they need to make these decisions,” according to Venjara. To account for this, he recommends that organizations invest in HR-specific solutions with a tailored people analytics application designed to collect, analyze and interpret employee behavioral data.

To get the right caliber of people analytics, Venjara says, data solutions must bring together technical and HR knowledge, identify data gaps, determine the most meaningful metrics to look at, and synthesize and summarize them for action.

The correct “people metrics” can help increase overall performance, make key operations more efficient and improve corporate culture with backing from informed leadership decision-making.

Understand the bias inherent in your data

4

Despite functional similarities to more cut-and-dried data sources, information generated by people-focused processes comes with the challenge of bias. According to Venjara, this requires organization leaders to recognize that “an analytics algorithm is not an objective piece of software. It must be treated for bias. Data-aware HR professionals need to understand what processes need to be put in place to address human bias.”

He points to the increasing use of algorithms designed to assess the impact of diversity, equity and inclusion (DEI) initiatives and determine whether data processes reflect unconscious biases around metrics such as gender, ethnicity or age.

Data translators are critical for driving action

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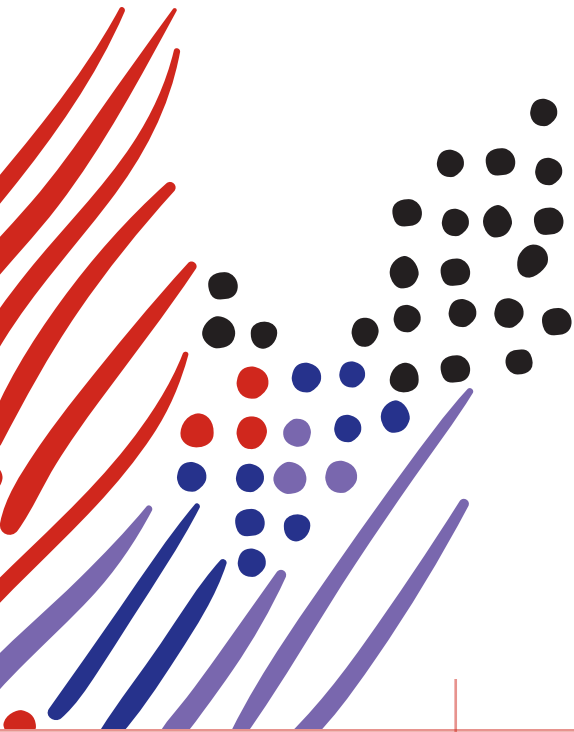
For people analytics to deliver both immediate and ongoing value, translation is required. “HR leaders need to think about who will take the data and stories and work with the business and operations teams to take action,” says Venjara.

Businesses must determine whether HR leaders are equipped with the proper resources, training and bandwidth to take on this task. They may consider creating a new HR role for this valuable purpose.

Get granular with skills data

HR leaders looking to leverage people data to full effect will need to assess current skill sets and determine whether any gaps exist. It may be necessary to find and hire additional qualified professionals to fill these roles. Luckily, the number of analytics-trained HR professionals is on the rise as businesses increasingly prioritize practical applications of people data across organizations.

2021 promises to be a banner year for people analytics. Organizations are embracing the realities of more permanent remote work, and new technologies are making it possible to collect, access and analyze employee data at scale in socially distanced settings. To navigate the new operational normal effectively, business will need to account for and apply these emerging data trends.



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Diversity, equity and inclusion in the workplace

Diversity, equity and inclusion (DEI) in the workplace are critical to the success of best-in-class organizations. In 2020, the coronavirus, economic uncertainty, and high-profile calls for racial justice informed the direction of corporate DEI initiatives, and these factors will continue to influence DEI trends in the coming year.

We spoke with Dianne Greene, VP, D&I Strategy and Operations, ADP about areas where business leaders should focus their DEI efforts in 2021 to ensure that their organizations are characterized by fairness, compassion and equal opportunity.

1

Redefining leadership

With more employees working from home (WFH), business leaders will need to build on their emotional intelligence and other soft skills. As WFH continues, the most successful business leaders will continue pivoting to help employees navigate challenging new circumstances that may affect their daily work. For example, it has been demonstrated that the global health event has disproportionately impacted women, particularly women of color, who are leaving the workforce to support their families.

Supervisors must be cognizant of these trends and put structures in place to assist employees through these times. Of course, employees should still be held accountable for their work, but business leaders can help by empathizing with their employees' individual situations and looking to support them in personalized ways.

"Taking time to ensure that your employees are able to voice their concerns and be heard is essential to sustaining a culture of equality, inclusion and belonging."

—Dianne Greene, VP, D&I Strategy and Operations, ADP

2

Rehumanizing work

Business leaders will also need to draw on empathy and interpersonal skills to manage employees effectively in 2021. Highly charged calls for social justice after the murders of George Floyd, Breonna Taylor and Ahmaud Arbery show that meaningful change is needed and that organizations must do more to combat racial inequality in the workplace and in the world at large.

Best-in-class organizations can do so by having open and honest conversations with their employees about societal issues that may be affecting them. These discussions can create space for employees to process what's going on and express what it means to them, which can give everyone a chance to connect with on a human level.

DEI practitioners can support these conversations by training leaders, from the CEO down, on how to take an understanding and empathetic approach to discussions with their colleagues. To that end, it may be helpful to create a DEI task force with buy-in and regular support from senior leaders. Tool kits designed to help facilitate conversations around sensitive issues could also be shared with business leaders.

Taking time to ensure that your employees are able to voice their concerns and be heard is essential to sustaining a culture of equality, inclusion and belonging. When differences of perspective and circumstance are accepted and thoughtfully addressed in the workplace, employees will feel a sense of belonging and know that their organization wants to understand and support them.

3

Diversity among teams

Another DEI matter business leaders should focus on in 2021 is building diverse teams within their organizations, particularly in remote work settings. Numerous studies have shown that diverse teams, on average, outperform more homogeneous ones and tend to generate 20–30% more revenue than less diverse organizations and teams.

Diversity in business can bring underrepresented thoughts and experiences to the table, inspiring increased creativity and innovation within teams. For this reason, building diverse, equitable and inclusive teams will remain imperative to business success.

4

Closing gaps

Other issues that need to be on the radar for DEI and business leaders include gender equity, pay parity, flexible work arrangements, and added emphasis on physical, mental and financial health initiatives. Organizations must look to close any inequity gaps present in their business, whether they are based on gender, ethnicity or other factors.

These efforts should also extend beyond the walls of the business. “We are starting to see an increased focus on supporting small, minority-owned, women-owned and veteran-owned businesses, and my hope is that this trend will continue,” says Greene. “These businesses form the backbone of our country and our economy, so it is in the best interest of all organizations to close equity gaps and create a more open and prosperous business environment.” Organizations would do well to be on the right side of this trend in 2021 and beyond.

There will be an increased number of diversity, equity and inclusion practices in the workplace trends to account for in 2021, and issues stemming from the coronavirus pandemic and social injustice will continue to add stressors to the mix. To position their organizations to tackle these issues effectively, DEI-focused business leaders will need to determine what goals their business should set and what resources they will need to achieve them.



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Source: <https://www.adp.com/spark/articles/2020/12/diversity-equity-and-inclusion-in-the-workplace-trends-for-2021.aspx>

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Engagement as the proactive path forward

Consider how a proactive approach that focuses on engagement can help your organization achieve its full potential in imperfect circumstances.

Amy Leschke-Kahle, Vice President of Performance Acceleration at The Marcus Buckingham Company, an ADP Company, explores four ways that engagement will play a pivotal role as work continues to evolve through 2021.

1

Working in the now

Strategic planning was top of mind for leaders at the start of 2020, but COVID-19 quickly upended any existing plans. Today, the traditional year-long or years-long approach to strategic planning is less than irrelevant; it's an altogether bad use of time. But that doesn't mean there's no need to plan.

How leaders approach strategic planning has to change. We need to enable teams to plan in shorter chunks of time so they can counter sudden changes with insightful next steps. The words of General Dwight D. Eisenhower ring especially true in the current situation: "Plans are useless, but planning is indispensable."

As organizations focus on working in the now instead of in the future, adopting a more agile approach to HR will shift the focus away from relying on traditional plans and more toward investing in employees and customers in the present. By doing so, leaders can engage with these important stakeholders at a deeper, more authentic level based on shared experiences in these times.

2

Putting impacts ahead of time and location

Now that 44% of employers have official flexible working policies — compared to 24% pre-COVID-19, according to an [ADP Research Institute® \(ADPRI\)](#) study, organizations must start defining work based on activity and contributions, not hours and location. In a sense, we have to rethink and redefine what work is on a fundamental level.

Making this shift can bring up questions about compensation, downstream talent processes and performance measurement. Approaches will need to be adjusted as work changes, but the most pressing tasks in the coming year will be engaging and investing in our people, and ensuring that we are evaluating them based on their contributions, not just the hours they work or the boxes they check.

3

A new appreciation for the basics

Sourcing, hiring and engaging a workforce of in-demand talent are major challenges of modern work. While traditional hiring and retention strategies relied heavily on employer brand building and employee wellness programs, organizations will need to get back to basics to activate talent in 2021. This means identifying and hiring/training for the right skills, and offering competitive benefits and compensation.

Think about your organization's long to-do lists of ever-updating best practices. Is each idea sound and worthy of consideration? Even if they are, organizations will likely benefit from slowing down in 2021 and rethinking strategy based on today's needs rather than what has worked in the past. Pursuing what we need today will lead to far better outcomes than trying to force a fit with existing practices.

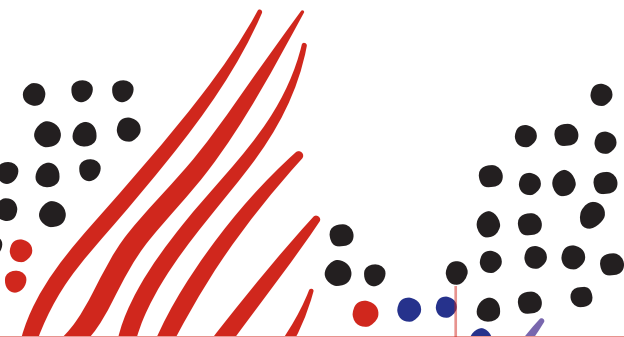
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Engagement over resilience in 2021

The keyword of 2020 for many organizations was "resilience," which ADP defines as the capacity of an individual to withstand, bounce back from and work through challenging circumstances or events at work. So much of the conversation around work in 2020 has focused on resilience, and with good reason. As ADPRI's recent [Workplace Resilience Study](#) found, approximately 50% of variance in employee engagement can be explained by resilience.

But if we were to choose a word for 2021, engagement would better serve us. While resilience refers to a reactive response, engagement prepares organizations with a proactive mindset that empowers them to take ownership of what they can control.

Organizations need to focus on their future needs by investing in engagement now. That investment bolsters individual employees and the collective workforce, so organizations are collectively prepared to respond with resilience when required.



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How HCM technology will continue to evolve in 2021

The pivot from office life to work-from-home, from status quo to unparalleled change, requires a new level of understanding and communication between leadership and team members. The right HCM solutions can help create an environment where people feel more confident, connected, and resilient as they navigate through waves of rapid change. As we move beyond 2020, HCM technology trends will reflect these core needs.

To get a better understanding of what the future holds for HCM technology, we spoke with Linda Mougalian, Sr. Division Vice President — Growth Marketing at ADP, about the key trends to watch. These insights can help guide HR leaders to make informed decisions about technology within their own organizations.

Trend #1: Staying connected

1

Almost overnight, a large portion of the workforce shifted from working alongside their co-workers to working remotely or in more socially distanced settings. We're more acutely aware of our need for connection, and organizations are looking to technology to help create work environments where employees feel valued, supported, and safe – wherever they may be working and whatever devices they may be using.

Providing teams with the tools and technology to understand each other's strengths, skills and challenges can help build trust and drive performance. Creating simple, efficient ways for leaders to stay in tune with their team members is essential to keeping employees engaged, productive, and committed to their organizations. For example, tools that enable quick check-ins to stay aligned on priorities and give support where needed can help teams continue to make progress whether they are working together or apart.

As companies plan their returns to the workplace it's just as important to understand how employees feel about their return as it is to prepare worksites with safety measures. Quick sentiment surveys that gauge comfort levels around returning to work can help employers convey that they care about their employees and are accommodating both their physical and emotional needs.

"Creating consumer-level experiences to help bridge physical distance and keep teams connected to their work and their teams, wherever they may be will be a top priority going forward," says Mougalian.

Trend #2: Staying confident

2

Regulatory changes related to the global health crisis and the increased need to address diversity, equity, and inclusion (DEI) challenges mean employers need to be able to refine their HR strategies and initiatives with confidence.

Compliance solutions, data security, and analytics are key to being able to address current challenges — from small local businesses to large global workforces — and keep organizations focused on what they do best.

Having an HCM partner with industry leading compliance expertise and solutions is critical. In a climate where change seems to be the only constant, rapid deployment of system updates and in-product changes are essential. Employers need to be ready to take action on changing guidelines in all aspects of human capital management.

Many organizations are also striving toward meaningful DEI strategies. While the desire is high, organizations are running into challenges finding solutions that can be woven into their everyday culture. Visibility into their organization's diversity and equity data along with simple tools like turnkey analytics and reminders at key moments can help leadership set and achieve DEI goals.

"While data is essential, it does not drive outcomes alone. As with real-time solutions that drivers use to avoid traffic, employers can feel more confident with proactive insights and recommended action plans presented in the flow of work," says Mougalian. "Having data and trusting data is great, but if you don't act on it, it's as if it didn't happen."

Trend #3: Staying resilient

3

Companies need to be able to pivot rapidly and easily extend system capabilities to deliver functionality to their stakeholders. Open systems that play well with others are more important than ever.

By seamlessly integrating with disparate systems and keeping the workforce experience at the center of design principles, adaptable HCM technology allows your organization to be prepared for whatever comes next by keeping your systems, technology, and people connected and delivering experiences based on the needs of your organization's specific locations, functions, and teams.

Evolving HCM tech

People and organizations are working diligently to survive and thrive in these challenging times, and they are increasingly looking to HCM tools to help them stay connected, confident and resilient. Successful HCM technology will continue to evolve to meet employees and employers where they are, both figuratively and literally.

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